

Kentucky Agricultural Finance Corporation

Minutes of the June Meeting

The meeting of the Kentucky Agricultural Finance Corporation Board was held on Friday, June 1, 2007 at 10:00 AM EDT at the office of the Commissioner of Agriculture in Frankfort, Kentucky. Mark Farrow, presiding, called the meeting to order. Mr. Farrow then asked Nicole Ray, Secretary, to call the roll.

Members Present

Commissioner Farmer (Mark Farrow, designee), Bob Gaslin, Wayne Hunt, Larry Jagers, Frank Penn, Bob Proffitt, Annette Crawford Walters

Members Absent

Secretary Farris, Doug Lawson, Billy Joe Miles, Charles Miller, James Reams

Others Present

Staff – Tim Hughes, Bill McCloskey, Nicole Ray, Keith L. Rogers

Guests – Larry Snell, KCARD; Chris Kummer, Kentucky Specialty Grain; Katherine Halloran, Legislative Research Commission

Notification of Press

Keith Rogers stated that the media had been notified.

Review and approval of Minutes of May 11, 2007

A motion to approve the May minutes was made by Mr. Penn, seconded by Mr. Gaslin. The motion passed without dissent.

Executive Director's Report

Mr. Rogers introduced Rose Bradshaw, the summer intern for GOAP.

Mr. Rogers notified the Board that the Agricultural Development Board (ADB) approved the request from KAFC for additional funds in the amount of \$3 million. He distributed a copy of the PowerPoint presentation on the 2007 ADB budget that was given at the May 18th ADB meeting (On file with Board Secretary).

Mr. Rogers called the attention of the Board to a revised agenda in their update folders.

Mr. Rogers noted that the Board would need to discuss the Kentucky Agricultural Council Task Force questionnaire at the end of the meeting.

Mr. Rogers notified the Board that Brian Furnish has resigned from GOAP effective June 30th.

Mr. Rogers reminded the Board that the next meeting will be held with the ADB on July 19th and 20th in Florence, KY and there will not be a meeting in August.

Marketing and Business Development Coordinator's Report

Mr. Hughes brought the attention of the Board to the financial status report in their update folders and reviewed current account balances. He also distributed tobacco loan statistics and project type reports (On file with Board Secretary).

New Business

Loan applications

Agricultural Infrastructure Loan Program - Discussion and Action

Mr. Hughes presented the following loan applications:

AF07-0018 Monroe, Chad & Cheri – Application is incomplete.

AF07-0034 Atherton, Duane – Application is incomplete.

AF07-0035 KAD Farms – Application is incomplete.

AF07-0036 Murray, Allan – Application is incomplete.

AF07-0037 Grider, Ed – Application is incomplete.

AF07-0056 D & H Farms – Application is incomplete.

AF07-0058 Mathis, John & Neal – Applicants request \$40,000 for installation of grain handling equipment and a grain dryer in Graves County. Jackson Purchase Agricultural Credit Association in Mayfield is the participating lender. **Mr. Hunt moved to approve the request, Mr. Gaslin seconded the motion. The motion passed without dissent.**

AF07-0059 Byler, David & Mattie – Applicants request \$100,000 for construction of two pullet houses in Wayne County. Farm Credit Services of Mid-America in Somerset is the participating lender. **Mr. Penn moved to approve the request contingent upon a new appraisal reflecting a combined loan-to-value of no worse than 90% and an FSA guarantee, Mr. Jagers seconded the motion. The motion passed without dissent.**

AF07-0061 Stoltzfus, Samuel & Fannie – Applicants request \$65,000 for construction of a dairy barn, a tobacco barn, and two silos in Christian County. Farm Credit Services of Mid-America in Hopkinsville is the participating lender. **Mr. Gaslin moved to approve the request, Mr. Penn seconded the motion. The motion passed without dissent.**

AF07-0062 Trunnell, Kevin – Application is incomplete.

AF07-0065 Wright, James and Mary – Application is pending for the July meeting.

AF07-0066 Pullen, James– Application is pending for the July meeting.

Agricultural Processing Loan Program – Discussion and Action

Mr. Hughes updated the Board on the following applications:

AF07-0014 Jean Farris Winery & Bistro – Application is still pending.

AF07-0060 John’s Custom Meats, LLC (AF07-0022) – Application is incomplete.

Beginning Farmer Loan Program – Discussion and Action

Mr. Hughes presented the following applications:

AF07-0057 Cain, Jason & Rachel – Application is incomplete.

AF07-0063 Brame, Nathan – Applicant requests \$46,200 for the purchase of a 50% interest in a 132 acre farm in Christian County. Planters Bank in Hopkinsville is the participating lender. **Ms. Walters moved to approve the request, Mr. Hunt seconded the motion. The motion passed without dissent.**

AF07-0064 Leonard, Cody – Application is incomplete.

Old Business

AF07-0049 Jones, Stewart and Mary – Application was approved with an original project deadline of July 2007. Lender requests an extension in the project deadline until October 2007. **Ms. Walters moved to approve the request, Mr. Jagers seconded the motion. The motion passed without dissent.**

AF06-0053 Kentucky Specialty Grain (KSG) – The project was approved by the ADB and KAFC with a project deadline of June 30, 2007. Applicant is requesting a six-month extension on the deadline for this project. The ADB approved the request at its May 18th meeting. The new deadline for the project will be December 31, 2007. Mr. Snell distributed an outline of the assistance that KCARD will provide to KSG over the next six months (On file with Board Secretary). Staff recommendation is to change the word “and” to “or” in condition 2.c.iv in the terms and conditions of the agreement and to approve the extension request. **Mr. Penn moved to approve the staff recommendation and asked that KSG provide a report to the Board in September, Mr. Jagers seconded the motion. The motion passed without dissent.**

AF06-0084 Rector, Donald & Donna – Applicants were approved for a \$100,000 loan on December 1, 2006. The lender is refinancing an existing loan that was secured by the property that was pledged to this project. Farm Credit Services is requesting that KAFC subordinate to the additional debt. **Ms. Walters moved to approve the request, Mr. Penn seconded the motion. The motion passed without dissent.**

AF07-0041 Rineyville Feed and Supply, LLC – Mr. Rogers has spoken with the applicants since the May meeting. No action is required.

Task Force on the Future of Agriculture – Questionnaire

Mr. Rogers explained the questionnaire for the Task Force on the Future of Agriculture and opened the floor to the Board for discussion and ideas to be submitted. The Board was asked to produce nine critical challenges or opportunities for agriculture in Kentucky. The nine ideas to be recommended to the Task Force are:

1. Government TTPP payments ending
2. Access to capital for new young farmers
3. Access to markets/value-added/processing
4. Respect for agriculture industry and agriculture education within the school systems
5. Respect for agriculture industry and agriculture education in government
6. Healthcare costs for farmers
7. Agritourism for equine industry, including trail rides
8. Land use and protection of farmland
9. Agriculture community involvement

Other Business

No other business.

Closing Remarks

The motion to adjourn was made by Mr. Jagers, seconded by Mr. Gaslin.

The motion passed without dissent. The meeting adjourned at 12:10 pm EDT.